



ANNUAL STATEMENT
For the Year Ending December 31, 2008
OF THE CONDITION AND AFFAIRS OF THE
HealthPlus of Michigan, Inc.

NAIC Group Code	3409 (Current Period)	3409 (Prior Period)	NAIC Company Code	95580	Employer's ID Number	38-2160688
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[X] No[] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	08/09/1977		Commenced Business	10/15/1979		
Statutory Home Office	2050 South Linden Road (Street and Number)		Flint, MI 48532 (City or Town, State and Zip Code)			
Main Administrative Office			2050 South Linden Road (Street and Number)			
	Flint, MI 48532 (City or Town, State and Zip Code)		(800)332-9161 (Area Code) (Telephone Number)			
Mail Address	2050 South Linden Road, P.O. Box 1700 (Street and Number or P.O. Box)		Flint, MI 48501-1700 (City or Town, State and Zip Code)			
Primary Location of Books and Records			2050 South Linden Road (Street and Number)			
	Flint, MI 48532 (City or Town, State and Zip Code)		(800)332-9161 (Area Code) (Telephone Number)			
Internet Website Address	www.healthplus.org					
Statutory Statement Contact	Matthew Andrew Mendrygal, C.P.A. (Name)		(810)230-2179 (Area Code)(Telephone Number)(Extension)			
	mmendryg@healthplus.com (E-Mail Address)		(810)733-8966 (Fax Number)			

OFFICERS

Name	Title	#
Bruce Robert Hill	Interim President	
Matthew Andrew Mendrygal C.P.A.	Chief Financial Officer	
James Joseph Wascha Esq.	Treasurer	

OTHERS

Dan Ellis Champney Esq., Vice President - Human Resources/General Counsel
Christine Marie Tomcala, Vice President - Gov't Programs/Member Services
Nancy Susan Jenkins, Vice President - Sales/Product Development

Laraine Bernadette Yapo, Vice President - Health Care Services
Richard Sidney Frank MD, MHSA, Vice President - Chief Medical Officer #
Dona Marie Kyle RN, BSN, Vice President - Medical Management

DIRECTORS OR TRUSTEES

Jack Louis Barry MD
Harold Leslie Mallon DDS
Peggy Joyce Tortorice
James Michael Van Tiffin
Christopher John Flores
Larry Leigh Carr DO
Miles Conrad Owens
Duane Edward Zuckschwerdt

Vernon Lee Burns
Gerald Edward Piesko DO
James Joseph Wascha Esq.
Stephanie Lynn Whisiker-Lewis DO
Patrick Allen Campbell
Roger LaVerne Sharp
Amy Diane Farmer

State of Michigan
County of Genesee ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Bruce Robert Hill	(Signature) Matthew Andrew Mendrygal	(Signature) James Joseph Wascha, Esq.
(Printed Name) 1.	(Printed Name) 2.	(Printed Name) 3.
Interim President	Chief Financial Officer	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this	a. Is this an original filing?	Yes[X] No[]
day of , 2009	b. If no, 1. State the amendment number	0
	2. Date filed	
	3. Number of pages attached	0

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	3,041,712	0	3,041,712	3,239,948
2.	Stocks (Schedule D)				
2.1	Preferred stocks	0	0	0	0
2.2	Common Stocks	20,973,238	0	20,973,238	19,343,686
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens	0	0	0	0
3.2	Other than first liens	0	0	0	0
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)	5,368,632	0	5,368,632	5,676,004
4.2	Properties held for the production of income (less \$.....0 encumbrances)	0	0	0	0
4.3	Properties held for sale (less \$.....0 encumbrances)	0	0	0	0
5.	Cash (\$.....(5,534,043) Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....114,700,174 Schedule DA)	109,166,131	0	109,166,131	113,465,220
6.	Contract loans (including \$.....0 premium notes)	0	0	0	0
7.	Other invested assets (Schedule BA)	10,796,613	0	10,796,613	10,094,116
8.	Receivables for securities	0	0	0	0
9.	Aggregate write-ins for invested assets	0	0	0	0
10.	Subtotals, cash and invested assets (Lines 1 to 9)	149,346,326	0	149,346,326	151,818,974
11.	Title plants less \$.....0 charged off (for Title insurers only)	0	0	0	0
12.	Investment income due and accrued	214,419	0	214,419	505,775
13.	Premiums and considerations				
13.1	Uncollected premiums and agents' balances in the course of collection	2,582,522	0	2,582,522	2,202,066
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)	0	0	0	0
13.3	Accrued retrospective premiums	0	0	0	0
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers	416,894	0	416,894	0
14.2	Funds held by or deposited with reinsured companies	0	0	0	0
14.3	Other amounts receivable under reinsurance contracts	0	0	0	0
15.	Amounts receivable relating to uninsured plans	0	0	0	0
16.1	Current federal and foreign income tax recoverable and interest thereon	0	0	0	0
16.2	Net deferred tax asset	0	0	0	0
17.	Guaranty funds receivable or on deposit	0	0	0	0
18.	Electronic data processing equipment and software	3,743,712	2,610,493	1,133,219	1,232,968
19.	Furniture and equipment, including health care delivery assets (\$.....0)	715,607	715,607	0	0
20.	Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
21.	Receivables from parent, subsidiaries and affiliates	367,614	0	367,614	1,925,008
22.	Health care (\$.....3,544,060) and other amounts receivable	3,579,454	0	3,579,454	2,886,470
23.	Aggregate write-ins for other than invested assets	1,126,175	1,126,175	0	0
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	162,092,723	4,452,275	157,640,448	160,571,261
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
26.	Total (Lines 24 and 25)	162,092,723	4,452,275	157,640,448	160,571,261
DETAILS OF WRITE-INS					
0901.	.....	0	0	0	0
0902.	.....	0	0	0	0
0903.	.....	0	0	0	0
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0
2301.	Prepaid Expenses	1,126,175	1,126,175	0	0
2302.	.....	0	0	0	0
2303.	.....	0	0	0	0
2398.	Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,126,175	1,126,175	0	0

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1	2	3	4
		Covered	Uncovered	Total	Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	43,454,501	0	43,454,501	48,300,196
2.	Accrued medical incentive pool and bonus amounts	21,447,054	0	21,447,054	20,877,967
3.	Unpaid claims adjustment expenses	1,051,297	0	1,051,297	1,057,159
4.	Aggregate health policy reserves	0	0	0	0
5.	Aggregate life policy reserves	0	0	0	0
6.	Property/casualty unearned premium reserves	0	0	0	0
7.	Aggregate health claim reserves	0	0	0	0
8.	Premiums received in advance	2,165,638	0	2,165,638	2,016,865
9.	General expenses due or accrued	7,241,090	0	7,241,090	7,696,913
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))	0	0	0	0
10.2	Net deferred tax liability	0	0	0	0
11.	Ceded reinsurance premiums payable	0	0	0	0
12.	Amounts withheld or retained for the account of others	53,139	0	53,139	27,443
13.	Remittances and items not allocated	0	0	0	0
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)	0	0	0	0
15.	Amounts due to parent, subsidiaries and affiliates	92,341	0	92,341	361,946
16.	Payable for securities	0	0	0	0
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)	0	0	0	0
18.	Reinsurance in unauthorized companies	0	0	0	0
19.	Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
20.	Liability for amounts held under uninsured plans	0	0	0	0
21.	Aggregate write-ins for other liabilities (including \$.....17,249 current)	17,249	0	17,249	4,224,563
22.	Total liabilities (Lines 1 to 21)	75,522,309	0	75,522,309	84,563,052
23.	Aggregate write-ins for special surplus funds	X X X	X X X	0	0
24.	Common capital stock	X X X	X X X	0	0
25.	Preferred capital stock	X X X	X X X	0	0
26.	Gross paid in and contributed surplus	X X X	X X X	170,511	170,511
27.	Surplus notes	X X X	X X X	0	0
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X	0	0
29.	Unassigned funds (surplus)	X X X	X X X	81,947,628	75,837,698
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0)	X X X	X X X	0	0
30.2	.....0 shares preferred (value included in Line 25 \$.....0)	X X X	X X X	0	0
31.	Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	82,118,139	76,008,209
32.	Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	157,640,448	160,571,261
DETAILS OF WRITE-INS					
2101.	Other Current Liabilities	17,249	0	17,249	23,063
2102.	FEHBP Audit Redetermination	0	0	0	4,000,000
2103.	Unrecognized Post-retirement Benefits	0	0	0	201,500
2198.	Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	17,249	0	17,249	4,224,563
2301.	.....	X X X	X X X	0	0
2302.	.....	X X X	X X X	0	0
2303.	.....	X X X	X X X	0	0
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X	0	0
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X	0	0
2801.	.....	X X X	X X X	0	0
2802.	.....	X X X	X X X	0	0
2803.	.....	X X X	X X X	0	0
2898.	Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X	0	0
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	1,041,490	1,068,324
2.	Net premium income (including \$.....0 non-health premium income)	X X X	417,176,256	412,622,335
3.	Change in unearned premium reserves and reserve for rate credits	X X X	0	0
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X	0	0
5.	Risk revenue	X X X	0	0
6.	Aggregate write-ins for other health care related revenues	X X X	0	0
7.	Aggregate write-ins for other non-health revenues	X X X	0	0
8.	Total revenues (Lines 2 to 7)	X X X	417,176,256	412,622,335
Hospital and Medical:				
9.	Hospital/medical benefits	0	243,933,688	241,974,236
10.	Other professional services	0	0	0
11.	Outside referrals	0	0	0
12.	Emergency room and out-of-area	0	13,240,323	12,415,653
13.	Prescription drugs	0	80,708,338	82,534,070
14.	Aggregate write-ins for other hospital and medical	0	395	11,910
15.	Incentive pool, withhold adjustments and bonus amounts	0	24,040,281	20,947,290
16.	Subtotal (Lines 9 to 15)	0	361,923,025	357,883,159
Less:				
17.	Net reinsurance recoveries	0	416,894	0
18.	Total hospital and medical (Lines 16 minus 17)	0	361,506,131	357,883,159
19.	Non-health claims (net)	0	0	0
20.	Claims adjustment expenses, including \$.....8,980,966 cost containment expenses	0	13,120,126	12,052,487
21.	General administrative expenses	0	30,298,613	27,996,490
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)	0	0	0
23.	Total underwriting deductions (Lines 18 through 22)	0	404,924,870	397,932,136
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	12,251,386	14,690,199
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	0	3,457,678	5,213,748
26.	Net realized capital gains (losses) less capital gains tax of \$.....0	0	(21,994)	92,550
27.	Net investment gains (losses) (Lines 25 plus 26)	0	3,435,684	5,306,298
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]	0	0	0
29.	Aggregate write-ins for other income or expenses	0	6,346	(179,862)
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	15,693,416	19,816,635
31.	Federal and foreign income taxes incurred	X X X	0	0
32.	Net income (loss) (Lines 30 minus 31)	X X X	15,693,416	19,816,635
DETAILS OF WRITE-INS				
0601.	.....	X X X	0	0
0602.	.....	X X X	0	0
0603.	.....	X X X	0	0
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X	0	0
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	0	0
0701.	.....	X X X	0	0
0702.	.....	X X X	0	0
0703.	.....	X X X	0	0
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X	0	0
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X	0	0
1401.	Other Medical Expense	0	395	11,910
1402.	.....	0	0	0
1403.	.....	0	0	0
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	395	11,910
2901.	Other Revenue	0	2,046	21,638
2902.	Unrecognized Post-retirement Benefits	0	0	(201,500)
2903.	Gain/(loss) on Fixed Asset Disposal	0	4,300	0
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)	0	6,346	(179,862)

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	76,008,209	58,155,123
34.	Net income or (loss) from Line 32	15,693,416	19,816,635
35.	Change in valuation basis of aggregate policy and claim reserves	0	0
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(9,847,462)	(2,252,034)
37.	Change in net unrealized foreign exchange capital gain or (loss)	0	0
38.	Change in net deferred income tax	0	0
39.	Change in nonadmitted assets	62,476	288,485
40.	Change in unauthorized reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	0	0
43.	Cumulative effect of changes in accounting principles	0	0
44.	Capital Changes:		
44.1	Paid in	0	0
44.2	Transferred from surplus (Stock Dividend)	0	0
44.3	Transferred to surplus	0	0
45.	Surplus adjustments:		
45.1	Paid in	0	0
45.2	Transferred to capital (Stock Dividend)	0	0
45.3	Transferred from capital	0	0
46.	Dividends to stockholders	0	0
47.	Aggregate write-ins for gains or (losses) in surplus	201,500	0
48.	Net change in capital and surplus (Lines 34 to 47)	6,109,930	17,853,086
49.	Capital and surplus end of reporting year (Line 33 plus 48)	82,118,139	76,008,209
DETAILS OF WRITE-INS			
4701.	Change in Post-retirement Benefits Liability	201,500	0
4702.	.....	0	0
4703.	.....	0	0
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	201,500	0

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	412,944,572	411,710,087
2.	Net investment income	3,747,623	5,164,898
3.	Miscellaneous income	0	0
4.	Total (Lines 1 through 3)	416,692,195	416,874,985
5.	Benefit and loss related payments	366,911,499	356,574,519
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7.	Commissions, expenses paid and aggregate write-ins for deductions	41,707,357	36,463,667
8.	Dividends paid to policyholders	0	0
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	0	0
10.	Total (Lines 5 through 9)	408,618,856	393,038,186
11.	Net cash from operations (Line 4 minus 10)	8,073,339	23,836,799
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	700,000	250,000
12.2	Stocks	368,953	421,070
12.3	Mortgage loans	0	0
12.4	Real estate	0	0
12.5	Other invested assets	0	0
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7	Miscellaneous proceeds	0	0
12.8	Total investment proceeds (Lines 12.1 to 12.7)	1,068,953	671,070
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	500,353	0
13.2	Stocks	8,570,456	642,221
13.3	Mortgage loans	0	0
13.4	Real estate	369,542	776,169
13.5	Other invested assets	4,000,000	0
13.6	Miscellaneous applications	0	0
13.7	Total investments acquired (Lines 13.1 to 13.6)	13,440,351	1,418,390
14.	Net increase (decrease) in contract loans and premium notes	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(12,371,398)	(747,320)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes	0	0
16.2	Capital and paid in surplus, less treasury stock	0	0
16.3	Borrowed funds	0	0
16.4	Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5	Dividends to stockholders	0	0
16.6	Other cash provided (applied)	(1,031)	(3,106,511)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,031)	(3,106,511)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(4,299,089)	19,982,968
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	113,465,220	93,482,252
19.2	End of year (Line 18 plus Line 19.1)	109,166,131	113,465,220

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	0	0
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	417,176,256	365,001,736	0	0	0	8,723,044	43,451,476	0	0	0
2.	Change in unearned premium reserves and reserve for rate credit	0	0	0	0	0	0	0	0	0	0
3.	Fee-for-service (net of \$.....0 medical expenses)	0	0	0	0	0	0	0	0	0	X X X
4.	Risk revenue	0	0	0	0	0	0	0	0	0	X X X
5.	Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	X X X
6.	Aggregate write-ins for other non-health care related revenues	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
7.	Total revenues (Lines 1 to 6)	417,176,256	365,001,736	0	0	0	8,723,044	43,451,476	0	0	0
8.	Hospital/medical benefits	243,933,688	210,058,087	0	0	0	6,433,326	27,442,275	0	0	X X X
9.	Other professional services	0	0	0	0	0	0	0	0	0	X X X
10.	Outside referrals	0	0	0	0	0	0	0	0	0	X X X
11.	Emergency room and out-of-area	13,240,323	12,348,127	0	0	0	456,341	435,855	0	0	X X X
12.	Prescription drugs	80,708,338	74,680,535	0	0	0	1,473,982	4,553,821	0	0	X X X
13.	Aggregate write-ins for other hospital and medical	395	395	0	0	0	0	0	0	0	X X X
14.	Incentive pool, withhold adjustments and bonus amounts	24,040,281	22,448,987	0	0	0	0	1,591,294	0	0	X X X
15.	Subtotal (Lines 8 to 14)	361,923,025	319,536,131	0	0	0	8,363,649	34,023,245	0	0	X X X
16.	Net reinsurance recoveries	416,894	416,894	0	0	0	0	0	0	0	X X X
17.	Total hospital and medical (Lines 15 minus 16)	361,506,131	319,119,237	0	0	0	8,363,649	34,023,245	0	0	X X X
18.	Non-health claims (net)	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
19.	Claims adjustment expenses including \$.....8,980,966 cost containment expenses	13,120,126	11,431,870	0	0	0	274,726	1,413,530	0	0	0
20.	General administrative expenses	30,298,613	26,399,885	0	0	0	634,431	3,264,297	0	0	0
21.	Increase in reserves for accident and health contracts	0	0	0	0	0	0	0	0	0	X X X
22.	Increase in reserves for life contracts	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
23.	Total underwriting deductions (Lines 17 to 22)	404,924,870	356,950,992	0	0	0	9,272,806	38,701,072	0	0	0
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	12,251,386	8,050,744	0	0	0	(549,762)	4,750,404	0	0	0
DETAILS OF WRITE-INS											
0501.	.....	0	0	0	0	0	0	0	0	0	X X X
0502.	.....	0	0	0	0	0	0	0	0	0	X X X
0503.	.....	0	0	0	0	0	0	0	0	0	X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	X X X
0601.	.....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
0602.	.....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
0603.	.....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
0698.	Summary of remaining write-ins for Line 6 from overflow page	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
1301.	Other Medical	395	395	0	0	0	0	0	0	0	X X X
1302.	.....	0	0	0	0	0	0	0	0	0	X X X
1303.	.....	0	0	0	0	0	0	0	0	0	X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	395	395	0	0	0	0	0	0	0	X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct	Reinsurance	Reinsurance	Net Premium
Line of Business		Business	Assumed	Ceded	Income
					(Columns
					1 + 2 - 3)
1.	Comprehensive (hospital and medical)	365,510,206	0	508,470	365,001,736
2.	Medicare Supplement	0	0	0	0
3.	Dental only	0	0	0	0
4.	Vision only	0	0	0	0
5.	Federal Employees Health Benefits Plan	8,738,312	0	15,268	8,723,044
6.	Title XVIII - Medicare	43,460,408	0	8,932	43,451,476
7.	Title XIX - Medicaid	0	0	0	0
8.	Other health	0	0	0	0
9.	Health subtotal (Lines 1 through 8)	417,708,926	0	532,670	417,176,256
10.	Life	0	0	0	0
11.	Property/casualty	0	0	0	0
12.	TOTALS (Lines 9 to 11)	417,708,926	0	532,670	417,176,256

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	342,410,646	300,143,930	0	0	0	8,066,663	34,200,053	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	416,894	416,894	0	0	0	0	0	0	0	0
1.4 Net	341,993,752	299,727,036	0	0	0	8,066,663	34,200,053	0	0	0
2. Paid medical incentive pools and bonuses	23,471,194	23,322,739	0	0	0	0	148,455	0	0	0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	43,454,501	35,831,380	0	0	0	1,323,831	6,299,290	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	43,454,501	35,831,380	0	0	0	1,323,831	6,299,290	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	21,447,054	19,990,536	0	0	0	0	1,456,518	0	0	0
6. Net healthcare receivables (a)	(317,793)	(318,444)	0	0	0	0	651	0	0	0
7. Amounts recoverable from reinsurers December 31, current year	0	0	0	0	0	0	0	0	0	0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	48,300,196	39,206,610	0	0	0	1,026,845	8,066,741	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	48,300,196	39,206,610	0	0	0	1,026,845	8,066,741	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	20,877,967	20,864,288	0	0	0	0	13,679	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	337,882,744	297,087,144	0	0	0	8,363,649	32,431,951	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	416,894	416,894	0	0	0	0	0	0	0	0
12.4 Net	337,465,850	296,670,250	0	0	0	8,363,649	32,431,951	0	0	0
13. Incurred medical incentive pools and bonuses	24,040,281	22,448,987	0	0	0	0	1,591,294	0	0	0

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	13,711,317	11,387,957	0	0	0	735,412	1,587,948	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
1.4 Net	13,711,317	11,387,957	0	0	0	735,412	1,587,948	0	0	0
2. Incurred but Unreported:										
2.1 Direct	26,469,171	21,857,866	0	0	0	511,049	4,100,256	0	0	0
2.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
2.4 Net	26,469,171	21,857,866	0	0	0	511,049	4,100,256	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	3,274,013	2,585,557	0	0	0	77,370	611,086	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	3,274,013	2,585,557	0	0	0	77,370	611,086	0	0	0
4. TOTALS										
4.1 Direct	43,454,501	35,831,380	0	0	0	1,323,831	6,299,290	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	43,454,501	35,831,380	0	0	0	1,323,831	6,299,290	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical)	37,787,499	266,963,440	424,408	35,406,972	38,211,907	39,206,609
2.	Medicare Supplement	0	0	0	0	0	0
3.	Dental only	0	0	0	0	0	0
4.	Vision only	0	0	0	0	0	0
5.	Federal Employees Health Benefits Plan	763,388	7,303,275	183,658	1,140,173	947,046	1,026,845
6.	Title XVIII - Medicare	6,323,521	28,405,449	235,421	6,063,869	6,558,942	8,066,742
7.	Title XIX - Medicaid	0	0	0	0	0	0
8.	Other health	0	0	0	0	0	0
9.	Health subtotal (Lines 1 to 8)	44,874,408	302,672,164	843,487	42,611,014	45,717,895	48,300,196
10.	Healthcare receivables (a)	3,069,166	2,483,653	434,045	2,080,357	3,503,211	2,832,195
11.	Other non-health	0	0	0	0	0	0
12.	Medical incentive pool and bonus amounts	21,311,212	2,159,983	1,323,030	20,124,024	22,634,242	20,877,967
13.	TOTALS (Lines 9 - 10 + 11 + 12)	63,116,454	302,348,494	1,732,472	60,654,681	64,848,926	66,345,968

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	38,795	0	0	0	0
2.	2004	290,364	35,055	0	0	0
3.	2005	X X X	302,150	47,546	0	0
4.	2006	X X X	X X X	269,793	57,201	0
5.	2007	X X X	X X X	X X X	299,645	63,116
6.	2008	X X X	X X X	X X X	X X X	302,348

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	39,410	0	0	0	0
2.	2004	334,394	40,090	0	0	0
3.	2005	X X X	356,857	52,420	0	0
4.	2006	X X X	X X X	363,939	62,118	0
5.	2007	X X X	X X X	X X X	363,906	65,283
6.	2008	X X X	X X X	X X X	X X X	365,083

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2004	365,473	325,421	6,537	2.009	331,958	90.830	0	0	331,958	90.830
2.	2005	389,341	349,696	9,122	2.609	358,818	92.160	0	0	358,818	92.160
3.	2006	402,529	326,993	11,335	3.466	338,328	84.051	0	0	338,328	84.051
4.	2007	413,167	362,762	12,495	3.444	375,257	90.825	2,167	0	377,424	91.349
5.	2008	417,708	302,348	10,799	3.572	313,147	74.968	62,735	1,051	376,933	90.238

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	34,755	0	0	0	0
2.	2004	254,480	28,047	0	0	0
3.	2005	X X X	265,514	39,632	0	0
4.	2006	X X X	X X X	235,057	47,819	0
5.	2007	X X X	X X X	X X X	261,922	56,610
6.	2008	X X X	X X X	X X X	X X X	266,440

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	36,081	0	0	0	0
2.	2004	290,822	32,464	0	0	0
3.	2005	X X X	310,630	43,949	0	0
4.	2006	X X X	X X X	320,373	52,590	0
5.	2007	X X X	X X X	X X X	317,223	58,093
6.	2008	X X X	X X X	X X X	X X X	320,779

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2004	316,177	282,529	5,660	2.003	288,189	91.148	0	0	288,189	91.148
2.	2005	338,101	305,146	7,839	2.569	312,985	92.571	0	0	312,985	92.571
3.	2006	353,750	282,876	9,884	3.494	292,760	82.759	0	0	292,760	82.759
4.	2007	362,686	318,532	11,013	3.457	329,545	90.862	1,483	0	331,028	91.271
5.	2008	365,510	266,440	9,388	3.523	275,828	75.464	54,339	899	331,066	90.576

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Federal Employees Health Benefits Plan Premiums
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	839	0	0	0	0
2.	2004	5,046	941	0	0	0
3.	2005	X X X	3,597	1,028	0	0
4.	2006	X X X	X X X	4,502	777	0
5.	2007	X X X	X X X	X X X	6,051	763
6.	2008	X X X	X X X	X X X	X X X	7,303

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	839	0	0	0	0
2.	2004	6,227	1,181	0	0	0
3.	2005	X X X	4,653	1,089	0	0
4.	2006	X X X	X X X	5,358	856	0
5.	2007	X X X	X X X	X X X	6,998	947
6.	2008	X X X	X X X	X X X	X X X	8,443

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2004	7,413	5,987	125	2.088	6,112	82.450	0	0	6,112	82.450
2.	2005	3,982	4,625	110	2.378	4,735	118.910	0	0	4,735	118.910
3.	2006	4,516	5,279	153	2.898	5,432	120.283	0	0	5,432	120.283
4.	2007	7,015	6,815	210	3.081	7,025	100.143	184	0	7,209	102.766
5.	2008	8,738	7,303	244	3.341	7,547	86.370	1,140	0	8,687	99.416

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	3,121	0	0	0	0
2.	2004	30,838	6,067	0	0	0
3.	2005	X X X	33,039	6,886	0	0
4.	2006	X X X	X X X	30,234	8,605	0
5.	2007	X X X	X X X	X X X	31,672	5,743
6.	2008	X X X	X X X	X X X	X X X	28,605

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	3,253	0	0	0	0
2.	2004	37,345	6,379	0	0	0
3.	2005	X X X	41,574	7,382	0	0
4.	2006	X X X	X X X	38,208	8,672	0
5.	2007	X X X	X X X	X X X	39,685	6,243
6.	2008	X X X	X X X	X X X	X X X	35,861

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2004	41,883	36,905	752	2.038	37,657	89.910	0	0	37,657	89.910
2.	2005	47,258	39,925	1,173	2.938	41,098	86.965	0	0	41,098	86.965
3.	2006	44,263	38,838	1,298	3.342	40,136	90.676	0	0	40,136	90.676
4.	2007	43,466	37,415	1,272	3.400	38,687	89.005	500	0	39,187	90.156
5.	2008	43,460	28,605	1,167	4.080	29,772	68.504	7,256	152	37,180	85.550

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	80	0	0	0	0
2.	2004	0	0	0	0	0
3.	2005	X X X	0	0	0	0
4.	2006	X X X	X X X	0	0	0
5.	2007	X X X	X X X	X X X	0	0
6.	2008	X X X	X X X	X X X	X X X	0

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	(763)	0	0	0	0
2.	2004	0	66	0	0	0
3.	2005	X X X	0	0	0	0
4.	2006	X X X	X X X	0	0	0
5.	2007	X X X	X X X	X X X	0	0
6.	2008	X X X	X X X	X X X	X X X	0

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2004	0	0	0	0.000	0	0.000	0	0	0	0.000
2.	2005	0	0	0	0.000	0	0.000	0	0	0	0.000
3.	2006	0	0	0	0.000	0	0.000	0	0	0	0.000
4.	2007	0	0	0	0.000	0	0.000	0	0	0	0.000
5.	2008	0	0	0	0.000	0	0.000	0	0	0	0.000

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building)	0	0	160,044	0	160,044
2.	Salaries, wages and other benefits	2,381,407	2,499,030	31,514,402	0	36,394,839
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)	0	0	1,768,118	0	1,768,118
4.	Legal fees and expenses	0	0	328,069	0	328,069
5.	Certifications and accreditation fees	0	0	0	0	0
6.	Auditing, actuarial and other consulting services	0	0	923,134	0	923,134
7.	Traveling expenses	41,219	4,284	696,731	0	742,234
8.	Marketing and advertising	4,612	0	3,930,216	0	3,934,828
9.	Postage, express and telephone	166,401	216,387	726,586	0	1,109,374
10.	Printing and office supplies	110,971	46,221	1,314,238	0	1,471,430
11.	Occupancy, depreciation and amortization	275,478	115,174	1,557,603	88,103	2,036,358
12.	Equipment	586	1,077	265,990	0	267,653
13.	Cost or depreciation of EDP equipment and software	443,162	814,826	4,648,729	0	5,906,717
14.	Outsourced services including EDP, claims, and other services	5,281,488	192,862	1,860,474	0	7,334,824
15.	Boards, bureaus and association fees	1,466	2,567	404,183	0	408,216
16.	Insurance, except on real estate	0	0	495,131	0	495,131
17.	Collection and bank service charges	0	0	47,704	0	47,704
18.	Group service and administration fees	0	0	0	0	0
19.	Reimbursements by uninsured plans	0	0	0	0	0
20.	Reimbursements from fiscal intermediaries	0	0	0	0	0
21.	Real estate expenses	0	0	0	0	0
22.	Real estate taxes	0	0	200,000	0	200,000
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes	0	0	0	0	0
23.2	State premium taxes	0	0	0	0	0
23.3	Regulator authority licenses and fees	0	0	0	0	0
23.4	Payroll taxes	177,131	178,711	1,753,980	0	2,109,822
23.5	Other (excluding federal income and real estate taxes)	0	0	0	0	0
24.	Investment expenses not included elsewhere	0	0	0	33,816	33,816
25.	Aggregate write-ins for expenses	97,045	68,021	(22,296,719)	0	(22,131,653)
26.	Total expenses incurred (Lines 1 to 25)	8,980,966	4,139,160	30,298,613	121,919	(a) 43,540,658
27.	Less expenses unpaid December 31, current year	547,048	504,249	7,241,090	0	8,292,387
28.	Add expenses unpaid December 31, prior year	564,897	492,262	7,696,913	0	8,754,072
29.	Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30.	Amounts receivable relating to uninsured plans, current year	0	0	0	0	0
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	8,998,815	4,127,173	30,754,436	121,919	44,002,343
DETAILS OF WRITE-INS						
2501.	Conferences, Seminars, and Training	18,930	11,114	349,796	0	379,840
2502.	Charitable Contributions	0	0	391,227	0	391,227
2503.	Affiliates Administrative Fees	0	0	(23,181,164)	0	(23,181,164)
2598.	Summary of remaining write-ins for Line 25 from overflow page	78,115	56,907	143,422	0	278,444
2599.	Totals (Lines 2501 through 2503 + 2598) (Line 25 above)	97,045	68,021	(22,296,719)	0	(22,131,653)

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) 86,750	74,913
1.1	Bonds exempt from U.S. tax	(a) 0	0
1.2	Other bonds (unaffiliated)	(a) 73,466	86,825
1.3	Bonds of affiliates	(a) 0	0
2.1	Preferred stocks (unaffiliated)	(b) 0	0
2.11	Preferred stocks of affiliates	(b) 0	0
2.2	Common stocks (unaffiliated)	381,263	381,467
2.21	Common stocks of affiliates	0	0
3.	Mortgage loans	(c) 0	0
4.	Real estate	(d) 87,349	87,349
5.	Contract loans	0	0
6.	Cash, cash equivalents and short-term investments	(e) 3,231,921	2,949,043
7.	Derivative instruments	(f) 0	0
8.	Other invested assets	0	0
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	3,860,749	3,579,597
11.	Investment expenses		(g) 121,919
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13.	Interest expense		(h) 0
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		121,919
17.	Net Investment income (Line 10 minus Line 16)		3,457,678
DETAILS OF WRITE-INS			
0901.		0	0
0902.		0	0
0903.		0	0
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.			0
1502.			0
1503.			0
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		0
(a) Includes \$.....3,411 accrual of discount less \$.....2,000 amortization of premium and less \$.....8,685 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....121,919 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	0	0	0	0	0
1.1	Bonds exempt from U.S. tax	0	0	0	0	0
1.2	Other bonds (unaffiliated)	0	0	0	0	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	(21,994)	0	(21,994)	(2,619,384)	0
2.21	Common stocks of affiliates	0	0	0	(3,930,575)	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	0	0	0	0	0
5.	Contract loans	0	0	0	0	0
6.	Cash, cash equivalents and short-term investments	0	0	0	0	0
7.	Derivative instruments	0	0	0	0	0
8.	Other invested assets	0	0	0	(3,297,503)	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	(21,994)	0	(21,994)	(9,847,462)	0
DETAILS OF WRITE-INS						
0901.		0	0	0	0	0
0902.		0	0	0	0	0
0903.		0	0	0	0	0
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)	0	0	0
2.	Stocks (Schedule D):			
2.1	Preferred stocks	0	0	0
2.2	Common stocks	0	0	0
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens	0	0	0
3.2	Other than first liens	0	0	0
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company	0	0	0
4.2	Properties occupied for the production of income	0	0	0
4.3	Properties held for sale	0	0	0
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)	0	0	0
6.	Contract loans	0	0	0
7.	Other invested assets (Schedule BA)	0	0	0
8.	Receivables for securities	0	0	0
9.	Aggregate write-ins for invested assets	0	0	0
10.	Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11.	Title plants (for Title insurers only)	0	0	0
12.	Invested income due and accrued	0	0	0
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection	0	0	0
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
13.3	Accrued retrospective premiums	0	0	0
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers	0	0	0
14.2	Funds held by or deposited with reinsured companies	0	0	0
14.3	Other amounts receivable under reinsurance contracts	0	0	0
15.	Amounts receivable relating to uninsured plans	0	0	0
16.1	Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2	Net deferred tax asset	0	0	0
17.	Guaranty funds receivable or on deposit	0	0	0
18.	Electronic data processing equipment and software	2,610,493	2,357,833	(252,660)
19.	Furniture and equipment, including health care delivery assets	715,607	910,554	194,947
20.	Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21.	Receivables from parent, subsidiaries and affiliates	0	0	0
22.	Health care and other amounts receivable	0	0	0
23.	Aggregate write-ins for other than invested assets	1,126,175	1,246,364	120,189
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	4,452,275	4,514,751	62,476
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
26.	Total (Lines 24 and 25)	4,452,275	4,514,751	62,476
DETAILS OF WRITE-INS				
0901.	.....	0	0	0
0902.	.....	0	0	0
0903.	.....	0	0	0
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0
2301.	Prepaid Expenses	1,126,175	1,246,364	120,189
2302.	.....	0	0	0
2303.	.....	0	0	0
2398.	Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,126,175	1,246,364	120,189

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	85,106	84,286	84,000	83,458	83,336	1,006,643
2.	Provider Service Organizations	0	0	0	0	0	0
3.	Preferred Provider Organizations	0	0	0	0	0	0
4.	Point of Service	2,917	2,836	2,814	3,009	2,897	34,847
5.	Indemnity Only	0	0	0	0	0	0
6.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
7.	TOTAL	88,023	87,122	86,814	86,467	86,233	1,041,490
DETAILS OF WRITE-INS							
0601.	.....	0	0	0	0	0	0
0602.	.....	0	0	0	0	0	0
0603.	.....	0	0	0	0	0	0
0698.	Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

Notes to Financial Statement

1. Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of HealthPlus of Michigan, Inc. (the Company) have been prepared in conformity with the 2008 NAIC Annual Statement Instructions and the NAIC Accounting Practices and Procedures Manual as of March 2008, to the extent that the accounting practices, procedures, and reporting standards are not modified by the Michigan Insurance Code or the 2008 Forms and Instructions for Required Filings in Michigan.

B. Management Estimates

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premium revenue is recognized in the month that members are entitled to health care services. The liability for incurred medical and hospital claims is accrued in the period during which the services are provided and includes estimates of services performed, which have not been reported to the Company.

The Company reports the value of its home office building at depreciated cost on Schedule A - Part 1. The fair value reported on Schedule A - Part 1 is based on a market analysis prepared for the Company by Mr. Winfield Cooper, President, Cooper Commercial, dated May 31, 2002.

In addition, the company uses the following accounting policies:

- 1) Short Term Investments are stated at amortized cost.
- 2) Bonds not backed by other loans are principally stated at amortized cost using the Seriatim Method.
- 3) Common Stocks are reported at market value.
- 4) The Company has no Preferred Stocks to report.
- 5) The Company has no mortgage loans to report.
- 6) Loan Backed Securities are stated at amortized cost. The Scientific Prospective method of amortization is applied.
- 7) The Company carries its investment in HealthPlus Partners, Inc. and HealthPlus Insurance Company at Statutory Equity, and its investment in HealthPlus Options at audited GAAP equity.
- 8) The Company has no ownership interests in joint ventures or limited liability companies.
- 9) The Company has no derivatives to report.
- 10) The Company has not calculated any premium deficiency reserves.
- 11) Unpaid claims include amounts determined from individual case estimates and amounts based on past experiences, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- 12) The Company has not modified its capitalization policy from the prior period.
- 13) Estimated pharmaceutical rebate receivables are based primarily on historical trends.

Notes to Financial Statement

2. Accounting Changes and Corrections of Errors

A. Accounting changes and corrections of errors.

The Company did not discover any material errors or make any material changes in accounting principles during the Year Ended December 31, 2008.

3. Business Combinations and Goodwill

None.

4. Discontinued Operations

None.

5. Investments – Mortgage Loans, Debt Restructuring, Reverse Mortgages, Loan-Backed Securities, Repurchase Agreements

The Company does not have any mortgage loans, debt restructuring, reverse mortgages or repurchase agreements to report.

The Company's Loan-Backed Securities are reported at amortized cost. The Scientific Prospective method of amortization is applied. A PSA (Public Securities Association) rate of 100 is used to determine prepayment assumptions.

The Company has no impairment losses on real estate to report and does not engage in retail land sales.

6. Joint Ventures, Partnerships and Limited Liability Companies

None.

7. Investment Income

The Company does not exclude any investment income due and accrued.

8. Derivative Instruments

None.

9. Income Taxes

The Company is exempt from Federal income tax under Internal Revenue Code Section 501(c)(4). The Company is also exempt from Michigan Business Tax.

10. Information Concerning Parent, Subsidiaries and Affiliates

HealthPlus Options, Inc. (HPO) is a wholly owned subsidiary of the Company. HPO began operations in 1990 as a third party administrator. The Company provides administrative services to HPO, and HPO pays the Company a monthly management fee for these services. Those fees amounted to \$5,634,670 in 2008 and \$5,219,279 in 2007. The Company reports its investment in HPO at audited GAAP equity, which amounted to \$654,409 as of December 31, 2008 and is reported on page 2, line 7.

HealthPlus Partners, Inc. (HPP) is a wholly-owned not-for-profit subsidiary of HealthPlus of Michigan, Inc. HPP is a state licensed Health Maintenance Organization serving Medicaid members in the greater Flint and Saginaw regions and began operations on January 1, 2003. The Company reports its investment in HPP at statutory equity, which amounted to \$10,142,204 as of December 31, 2008, and is reported on page 2, line 7. The Company has entered into agreements with HPP for the provision of administrative services. These services

Notes to Financial Statement

amounted to \$16,505,601 in 2008 and \$14,452,283 in 2007. HealthPlus of Michigan, Inc. made additional capital contributions to HealthPlus Partners, Inc. of \$4,000,000 in 2008.

HealthPlus Insurance Company (HPI) is a wholly-owned for-profit subsidiary of HealthPlus of Michigan, Inc. HPI is a state licensed Insurance Company and began operations January 1, 2007 offering a PPO product. The Company reports its investment in HPI at statutory equity, which amounted to \$10,898,250 as of December 31, 2008, and is reported as a subsidiary stock investment on Schedule D – Part 6 – Section 1, page E-16. The Company has entered into agreements with HPI for the provision of administrative services. These services amounted to \$1,040,893 in 2008 and \$606,836 in 2007. HealthPlus of Michigan, Inc. made additional capital contributions to HealthPlus Insurance Company of \$6,5000,000 in 2008.

11. Debt

The Company has no Capital Notes or Other Debts to report.

12. Retirement Plan

A defined contribution plan is provided to substantially all employees of the Company. The Company contributes 7% of participating employees’ annual compensation into the benefit plan. Company contributions were approximately \$1,586,000 in 2008 and \$1,440,000 in 2007.

The Company also has a retiree health insurance program. To be eligible, the participant must have retired from active employment, attained the age of 62 and have 15 years of full-time service. The Company currently funds the cost of these benefits as they are incurred.

On December 8, 2003, the Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law. The Act introduces a prescription drug benefit under Medicare as well as a federal subsidy to certain sponsors of postretirement health care benefit plans that provide a prescription drug benefit to their enrollees. The Company believes its postretirement benefit plan may qualify for subsidy under the Act.

In accordance with Financial Accounting Standards Board (FASB) Staff Position 106-1, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003*, the accumulated postretirement benefit obligation and net periodic postretirement benefit cost do not include the effect of the Act as the Company has elected to defer the accounting for the impact of the Act until pending authoritative guidance is issued. Once issued, such authoritative literature may require the Company to modify previously reported information.

The following table sets forth the plan’s funded status and amounts recognized in the balance sheet for postretirement medical benefits:

	December 31, 2008	December 31, 2007
	(In Thousands)	(In Thousands)
Benefit obligation at beginning of year	\$ 92	\$ 29
Interest cost	5	1
Service cost	17	10
Benefit payments	(16)	(12)
Unrecognized actuarial gain	(66)	64
Benefit obligation at end of year	32	92
Unrecognized net actuarial gain	116	52
Accrued postretirement benefit cost	\$ 148	\$ 144

Notes to Financial Statement

The following is a summary of net periodic postretirement expense:

	Year Ended December 31, 2008 <i>(In Thousands)</i>	Year Ended December 31, 2007 <i>(In Thousands)</i>
Interest cost	\$ 5	\$ 1
Service cost	17	10
Amortization of net actuarial gain	(2)	(6)
Net periodic postretirement cost (income)	<u>\$ 20</u>	<u>\$ 5</u>

The weighted-average annual assumed rate of increase in the per capita cost of covered health care benefits (i.e., health care cost trend rate) is 8% for 2008 and is assumed to decrease .225% per year to 4.5% in 2028 and remain at that level thereafter. The weighted-average discount rate used in determining the accumulated postretirement obligation was 6.5% at December 31, 2008. The weighted-average discount rate used in determining the net periodic postretirement benefit cost was 6.25% for the year ended December 31, 2008. The Company uses a measurement date of December 31 to measure the obligations.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would not have a material effect on the total service and interest cost components or on the postretirement benefit obligation.

Expected cash flows for the post retirement benefits are as follows (in thousands):

Expected benefit payments for the year ended December 31:	
2009	\$ 21
2010	23
2011	41
2012	28
2013	33
2014 – 2018	458

13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations

The Company has no Shareholder’s Dividend Restrictions or Quasi-Reorganizations to report.

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

- a. change in unrealized gains and losses: (\$9,847,462)
- b. change in nonadmitted asset values: \$ 62,476

Unrealized gains and losses consist of the following:

Unrealized gains/(losses) on Equity Investments – unaffiliated	\$ (2,619,384)
Unrealized gains/(losses) on Equity Investments – affiliated	(3,930,575)
Unrealized gains/(losses) on HealthPlus Partners	(2,961,610)
Unrealized gains/(losses) on HealthPlus Options	<u>(335,893)</u>
	<u>\$ (9,847,462)</u>

Notes to Financial Statement

14. Contingencies

In the normal course of business, HealthPlus of Michigan is a party to certain legal matters. Management is of the opinion that resolution of these matters will not have a material effect on the Company’s financial position or results of operations.

15. Leases

The Company leases office equipment and space under various operating lease agreements. The minimum aggregate rental commitments for these leases is as follows:

Year Ended <u>December 31</u>	Operating Leases <u>(in thousands)</u>
2009	\$317
2010	143
2011	47
2012	<u>8</u>
	\$ <u>515</u>

Total rental expense for all operating leases was approximately \$428,000 in 2008, and \$394,000 in 2007.

16. Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk.

None.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

None.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None.

20. Other Items

The Company has no extraordinary items or other disclosures to report.

21. Events Subsequent

There were no events subsequent to the close of the books or accounts for this statement which may have a material effect on the financial condition of the Company.

Notes to Financial Statement

22. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the Company?
Yes () No (x)

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?
Yes () No (x)

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?
Yes (x) No ()
 - a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate.
\$ 0.

 - b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?
\$ 0.

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?
Yes () No (x)

Section 3 – Ceded Reinsurance – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.
\$ 0.

Notes to Financial Statement

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?
Yes () No (x)

(3) Uncollectible Reinsurance

None.

C. Commutation of Ceded Reinsurance

None.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

HealthPlus provides health coverage to federal employees under the Federal Employees Health Benefits Program (FEHBP) and is subject to rate redetermination. This program represents 2,000 members and \$8.2 Million of premium revenue to the Company on an annual basis which represents approximately 2% of total 2008 premium revenues. Under the terms of the contract with the Office of Personnel Management (OPM) HealthPlus is to provide health coverage at the lowest rate charged to Similar Sized Subscriber Groups (SSSG).

OPM audited the HealthPlus FEHBP program for the six years ended December 31, 2005 and issued a Draft of a Proposed Report in January, 2007. The Report alleges that HPM charged premiums \$5.5 Million in excess of the lowest rates for SSSG during the period. Interest would also be assessed in addition to any settlement amount.

This matter was settled in 2008 in the amount of \$4,750,000. The Company had sufficient reserves, including accrued interest, established in the financial statements as of December 31, 2007 and incurred no additional expense in 2008 relating to this.

24. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for incurred claims attributable to insured events of prior years has been increased (decreased) by (\$1,412,342) in 2008 and (\$4,171,625) in 2007, net of risk sharing, as a result of re-estimation of unpaid claims. This increase (decrease) is the result of ongoing analysis and original estimates are increased or decreased as additional information becomes known.

25. Intercompany Pooling Arrangements

None.

26. Structured Settlements

Not applicable.

Notes to Financial Statement

27 Health Care Receivables

(a) Pharmaceutical Rebate Receivables

Pharmaceutical rebate receivables consist of actual amounts billed for the previous quarter, based on actual prescriptions filled, and estimates of rebates for the current quarter. Estimated rebates are based primarily on historical trends.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/2008	924,000	0	0	0	0
09/30/2008	340,510	924,061	583,551	0	0
06/30/2008	0	898,583	815,253	83,330	0
03/31/2008	0	836,839	759,790	77,049	0
12/31/2007	0	998,153	882,669	115,484	0
0930/2007	0	941,943	790,867	151,076	0
06/30/2007	0	942,143	880,986	61,157	0
03/31/2007	0	981,759	857,759	124,000	0
12/31/2006	0	1,103,850	852,285	251,565	0
09/30/2006	0	1,312,462	863,175	449,287	0
06/30/2006	0	1,362,547	1,140,405	222,142	0
03/31/2006	0	1,374,157	1,182,451	191,706	0

(b) Risk Sharing Receivables

The Company has agreements, which provide the basis of payments to different provider groups for the delivery of health care services. The groups include hospitals, physician hospital organizations, and physicians. The agreements include provisions for the sharing of surplus or deficits calculated by the comparison of total expense to funding reported for the Company’s members served by the physicians affiliated with each contracting provider group. The funding levels are primarily based on a percentage of the premium, which the Company receives for providing health insurance coverage to employer groups. Certain of these providers have entered into separate agreements with affiliated hospitals to share any surplus or deficit associated with services to physician members.

The following table details risk sharing receivables recorded in accordance with the provisions of the aforementioned agreements.

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated And Reported in the Prior Year	Risk Sharing Receivable as Estimated And Reported in the Current Year	Risk Sharing Receivable Invoiced	Risk Sharing Receivable Not Invoiced	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Amounts Collected First Year Subsequent	Actual Risk Sharing Amounts Collected Second Year Subsequent	Actual Risk Sharing Amounts Collected – All Other
2008	2008		1,249,892	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0	0
2007	2007	0	1,127,389	1,127,389	0	1,127,389	0	0	0
	2008	0	0	0	0	0	0	0	0
2006	2006	0	942,152	942,152	0	942,152	0	0	0
	2007	0	0	0	0	0	0	0	0
2005	2005	0	2,052,513	2,052,513	0	2,052,513	0	0	0
	2006	0	0	0	0	0	0	0	0

Notes to Financial Statement

28. Participating Policies

None.

29. Premium Deficiency Reserves

None.

30. Anticipated Salvage and Subrogation

The Company has not specifically identified any anticipated salvage and subrogation amounts in its calculation of loss reserves.

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[X] No[]
- 2.2 If yes, date of change:

06/26/2008
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2006
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2006
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/30/2008
- 3.4 By what department or departments?

Department of Labor & Economic Growth, Office of Financial & Insurance Regulation, Office of Financial Evaluation
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[] No[] N/A[X]
Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young, LLP Suite 1700, 500 Woodward, Detroit, MI, 48226
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Michael J. Cellini, ASA, MAAA, Ernst & Young, LLP, 5 Times Square, New York, NY, 10036
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved

0
- 11.13 Total book/adjusted carrying value

\$ 0
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[] N/A[X]
Yes[] No[] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

GENERAL INTERROGATORIES (Continued)

- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

13.11 If the response to 13.1 is No, please explain:

13.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]

13.21 If the response to 13.2 is Yes, provide information related to amendment(s).

13.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]

13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).
- BOARD OF DIRECTORS
14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[] No[X]

15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]

16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[]
- FINANCIAL
17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[] No[X]

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers

\$ 0

18.12 To stockholders not officers

\$ 0

18.13 Trustees, supreme or grand (Fraternal only)

\$ 0

18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers

\$ 0

18.22 To stockholders not officers

\$ 0

18.23 Trustees, supreme or grand (Fraternal only)

\$ 0

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Rented from others

\$ 0

19.22 Borrowed from others

\$ 0

19.23 Leased from others

\$ 0

19.24 Other

\$ 0

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment

\$ 0

20.22 Amount paid as expenses

\$ 0

20.23 Other amounts paid

\$ 0

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[]

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ 0
- INVESTMENT
- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)

Yes[X] No[]

22.2 If no, give full and complete information, relating thereto:

22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 16 where this information is also provided)

22.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[] No[] N/A[X]

22.5 If answer to 22.4 is YES, report amount of collateral

\$ 0

22.6 If answer to 22.4 is NO, report amount of collateral

\$ 0

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3).

Yes[] No[X]

23.2 If yes, state the amount thereof at December 31 of the current year:

23.21 Subject to repurchase agreements

\$ 0

23.22 Subject to reverse repurchase agreements

\$ 0

23.23 Subject to dollar repurchase agreements

\$ 0

23.24 Subject to reverse dollar repurchase agreements

\$ 0

23.25 Pledged as collateral

\$ 0

23.26 Placed under option agreements

\$ 0

23.27 Letter stock or securities restricted as to sale

\$ 0

23.28 On deposit with state or other regulatory body

\$ 0

23.29 Other

\$ 0

23.3 For category (23.27) provide the following:
- | 1 | 2 | 3 |
|-----------------------|-------------|--------|
| Nature of Restriction | Description | Amount |
| | | 0 |
- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[] No[] N/A[X]

If no, attach a description with this statement.

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

25.2 If yes, state the amount thereof at December 31 of the current year.

\$ 0

26.1

GENERAL INTERROGATORIES (Continued)

26. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[X] No[]

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Asset Management	611 Woodward Avenue, Detroit, MI, 48226
Citizens Bank Wealth Management	328 S. Saginaw Street, Flint, MI 48502

- 26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

- 26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year?
- 26.04 If yes, give full and complete information relating thereto:
- Yes[] No[X]

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

- 26.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
111223	Citizens Bank Wealth Management	328 S. Saginaw St., Flint, MI 48502
104234	JP Morgan Asset Management	611 Woodward Ave., Detroit, MI, 48226

- 27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 27.2 If yes, complete the following schedule:
- Yes[X] No[]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.... 4812C1553	JPMorgan Equity Index Fund .....	..... 1,447,066
.... 4812C0100	JPMorgan Core Bond Fund .....	..... 2,158,976
.... 922031794	Vanguard Fixed Inc. Sec Fd GNMA #536 .....	..... 2,654,526
.... 922040100	Vanguard Instl Index Fd .....	..... 3,789,151
27.2999 Total .....	.....	..... 10,049,719

- 27.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
JPMorgan Equity Index Fund	Exxon-Mobil Corp. ....	..... 72,353	.. 12/31/2008 ..
JPMorgan Equity Index Fund	Proctor & Gamble Co. ....	..... 33,283	.. 12/31/2008 ..
JPMorgan Equity Index Fund	General Electric Co. ....	..... 30,388	.. 12/31/2008 ..
JPMorgan Equity Index Fund	AT&T Inc. ....	..... 30,388	.. 12/31/2008 ..
JPMorgan Equity Index Fund	Johnson & Johnson .....	..... 28,941	.. 12/31/2008 ..
JPMorgan Core Bond Fund	US Treasury Bonds Coupon STRIPS .....	..... 23,749	.. 12/31/2008 ..
JPMorgan Core Bond Fund	FNMA REMICS .....	..... 15,113	.. 12/31/2008 ..
JPMorgan Core Bond Fund	US Treasury Bonds Coupon STRIPS .....	..... 15,113	.. 12/31/2008 ..
JPMorgan Core Bond Fund	US Treasury Bonds .....	..... 15,113	.. 12/31/2008 ..
JPMorgan Core Bond Fund	FHLMC REMICS .....	..... 15,113	.. 12/31/2008 ..
Vanguard Fixed Inc. Sec Fd GNMA #536	GNMA 5.5% .....	..... 761,053	.. 12/31/2008 ..
Vanguard Fixed Inc. Sec Fd GNMA #536	GNMA 5.0% .....	..... 622,486	.. 12/31/2008 ..
Vanguard Fixed Inc. Sec Fd GNMA #536	GNMA 6.0% .....	..... 497,193	.. 12/31/2008 ..
Vanguard Fixed Inc. Sec Fd GNMA #536	GNMA 6.5% .....	..... 428,175	.. 12/31/2008 ..
Vanguard Fixed Inc. Sec Fd GNMA #536	GNMA 4.5% .....	..... 125,559	.. 12/31/2008 ..
Vanguard Instl Index Fd	Exxon-Mobil Corp. ....	..... 193,247	.. 12/31/2008 ..
Vanguard Instl Index Fd	Proctor & Gamble Co. ....	..... 87,150	.. 12/31/2008 ..
Vanguard Instl Index Fd	General Electric Co. ....	..... 79,572	.. 12/31/2008 ..
Vanguard Instl Index Fd	AT&T Inc. ....	..... 79,572	.. 12/31/2008 ..
Vanguard Instl Index Fd	Johnson & Johnson .....	..... 79,572	.. 12/31/2008 ..

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

GENERAL INTERROGATORIES (Continued)

		1	2	3
		Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1	Bonds	117,741,886	117,862,304	120,418
28.2	Preferred stocks	0	0	0
28.3	Totals	117,741,886	117,862,304	120,418

28.4 Describe the sources of methods utilized in determining the fair values
Fair values are provided by the Company's investment custodians.

29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[]
29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 133,521
30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Association of Health Plans	65,000
America's Health Insurance Plans	68,521

31.1 Amount of payments for legal expenses, if any? \$..... 328,069
31.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
The Williams Firm	144,773

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 0
32.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	0

GENERAL INTERROGATORIES (Continued)

1
Name of Service Area
Livingston County, MI
Clare County, MI
Macomb County, MI
Portions of Huron County, MI
Portions of Midland County, MI
Portions of St. Clair County, MI
Portions of Gladwin County, MI
Portions of Isabella County, MI
Portions of Gratiot County, MI
Portions of Montcalm County, MI
Portions of Sanilac County, MI

FIVE-YEAR HISTORICAL DATA

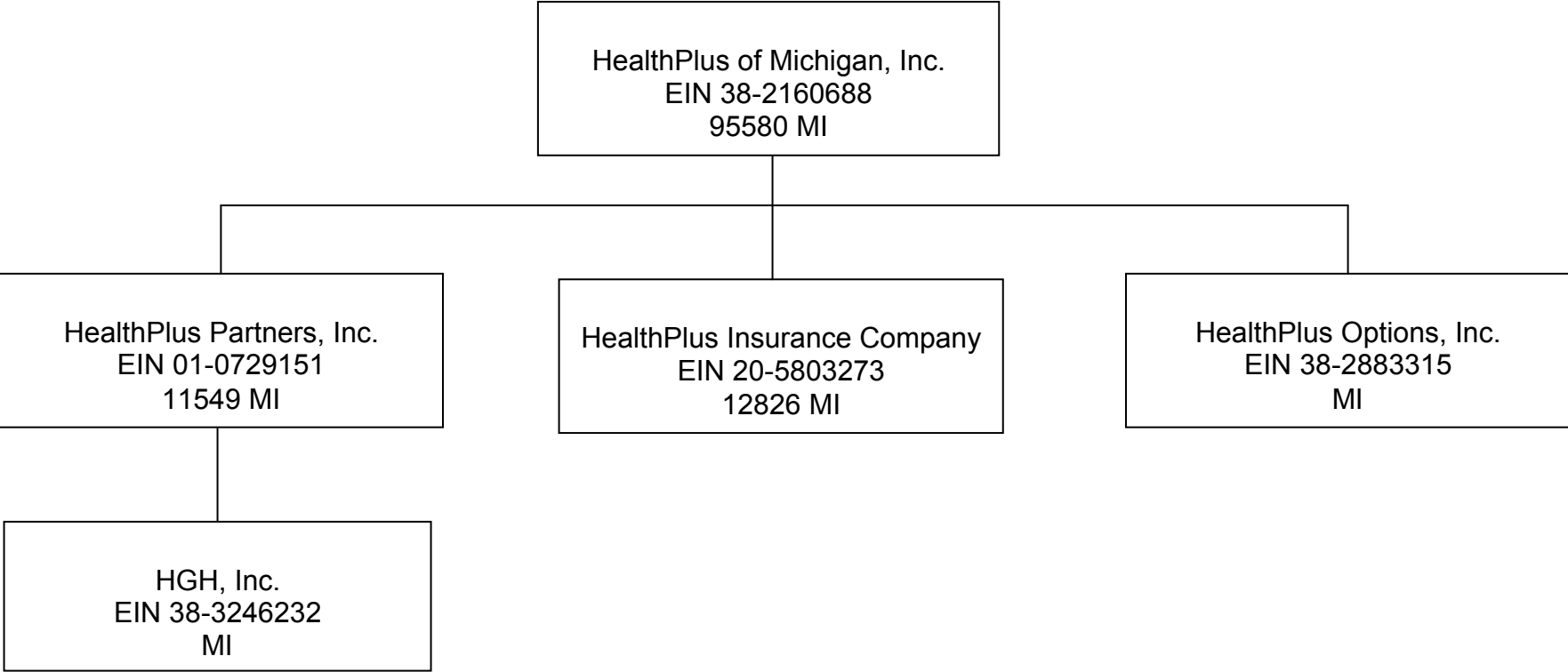
	1 2008	2 2007	3 2006	4 2005	5 2004
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	157,640,448	160,571,261	140,233,485	114,252,546	91,123,867
2. Total liabilities (Page 3, Line 22)	75,522,309	84,563,052	82,078,362	69,345,942	57,685,994
3. Statutory surplus	35,028,550	31,117,518	31,940,462	15,570,116	14,615,243
4. Total capital and surplus (Page 3, Line 31)	82,118,139	76,008,209	58,155,123	44,906,604	33,437,873
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	417,176,256	412,622,335	402,271,797	389,252,895	365,381,075
6. Total medical and hospital expenses (Line 18)	361,506,131	357,883,159	358,706,275	350,236,408	333,828,994
7. Claims adjustment expenses (Line 20)	13,120,126	12,052,487	10,810,102	8,441,249	6,415,133
8. Total administrative expenses (Line 21)	30,298,613	27,996,490	26,637,196	22,248,960	19,452,340
9. Net underwriting gain (loss) (Line 24)	12,251,386	14,690,199	6,118,224	8,326,278	5,684,608
10. Net investment gain (loss) (Line 27)	3,435,684	5,306,298	3,867,286	2,502,913	1,199,992
11. Total other income (Lines 28 plus 29)	6,346	(179,862)	32,341	28,156	36,146
12. Net income or (loss) (Line 32)	15,693,416	19,816,635	10,017,851	10,857,347	6,920,746
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	8,073,339	23,836,799	26,598,515	24,066,024	12,121,379
RISK-BASED CAPITAL ANALYSIS					
14. Total adjusted capital	82,118,139	76,008,209	58,155,123	44,906,604	33,437,873
15. Authorized control level risk-based capital	17,514,275	15,558,759	15,970,231	15,276,403	14,304,774
ENROLLMENT (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	86,233	88,023	93,935	99,269	103,266
17. Total members months (Column 6, Line 7)	1,041,490	1,068,324	1,145,557	1,208,409	1,258,910
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	86.7	86.7	89.2	90.0	91.0
20. Cost containment expenses	2.2	2.0	1.8	1.4	1.2
21. Other claims adjustment expenses	1.0	0.9	0.9	0.8	0.5
22. Total underwriting deductions (Line 23)	97.1	96.4	98.5	97.9	98.4
23. Total underwriting gain (loss) (Line 24)	3	4	2	2	2
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)	64,848,926	62,108,229	51,960,649	39,045,857	39,410,873
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	66,345,968	65,308,598	54,541,377	41,512,276	39,976,971
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 25, Column 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 53, Column 1)	10,898,250	8,328,825	8,662,609	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	10,796,613	10,094,116	12,264,507	9,043,033	7,898,071
32. Total of above Lines 26 to 31	21,694,863	18,422,941	20,927,116	9,043,033	7,898,071

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
		Active Status	2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit - Type Contracts
1.	Alabama (AL)	N	0	0	0	0	0	0	0	0
2.	Alaska (AK)	N	0	0	0	0	0	0	0	0
3.	Arizona (AZ)	N	0	0	0	0	0	0	0	0
4.	Arkansas (AR)	N	0	0	0	0	0	0	0	0
5.	California (CA)	N	0	0	0	0	0	0	0	0
6.	Colorado (CO)	N	0	0	0	0	0	0	0	0
7.	Connecticut (CT)	N	0	0	0	0	0	0	0	0
8.	Delaware (DE)	N	0	0	0	0	0	0	0	0
9.	District of Columbia (DC)	N	0	0	0	0	0	0	0	0
10.	Florida (FL)	N	0	0	0	0	0	0	0	0
11.	Georgia (GA)	N	0	0	0	0	0	0	0	0
12.	Hawaii (HI)	N	0	0	0	0	0	0	0	0
13.	Idaho (ID)	N	0	0	0	0	0	0	0	0
14.	Illinois (IL)	N	0	0	0	0	0	0	0	0
15.	Indiana (IN)	N	0	0	0	0	0	0	0	0
16.	Iowa (IA)	N	0	0	0	0	0	0	0	0
17.	Kansas (KS)	N	0	0	0	0	0	0	0	0
18.	Kentucky (KY)	N	0	0	0	0	0	0	0	0
19.	Louisiana (LA)	N	0	0	0	0	0	0	0	0
20.	Maine (ME)	N	0	0	0	0	0	0	0	0
21.	Maryland (MD)	N	0	0	0	0	0	0	0	0
22.	Massachusetts (MA)	N	0	0	0	0	0	0	0	0
23.	Michigan (MI)	L	365,510,206	43,460,408	0	8,738,312	0	0	417,708,926	0
24.	Minnesota (MN)	N	0	0	0	0	0	0	0	0
25.	Mississippi (MS)	N	0	0	0	0	0	0	0	0
26.	Missouri (MO)	N	0	0	0	0	0	0	0	0
27.	Montana (MT)	N	0	0	0	0	0	0	0	0
28.	Nebraska (NE)	N	0	0	0	0	0	0	0	0
29.	Nevada (NV)	N	0	0	0	0	0	0	0	0
30.	New Hampshire (NH)	N	0	0	0	0	0	0	0	0
31.	New Jersey (NJ)	N	0	0	0	0	0	0	0	0
32.	New Mexico (NM)	N	0	0	0	0	0	0	0	0
33.	New York (NY)	N	0	0	0	0	0	0	0	0
34.	North Carolina (NC)	N	0	0	0	0	0	0	0	0
35.	North Dakota (ND)	N	0	0	0	0	0	0	0	0
36.	Ohio (OH)	N	0	0	0	0	0	0	0	0
37.	Oklahoma (OK)	N	0	0	0	0	0	0	0	0
38.	Oregon (OR)	N	0	0	0	0	0	0	0	0
39.	Pennsylvania (PA)	N	0	0	0	0	0	0	0	0
40.	Rhode Island (RI)	N	0	0	0	0	0	0	0	0
41.	South Carolina (SC)	N	0	0	0	0	0	0	0	0
42.	South Dakota (SD)	N	0	0	0	0	0	0	0	0
43.	Tennessee (TN)	N	0	0	0	0	0	0	0	0
44.	Texas (TX)	N	0	0	0	0	0	0	0	0
45.	Utah (UT)	N	0	0	0	0	0	0	0	0
46.	Vermont (VT)	N	0	0	0	0	0	0	0	0
47.	Virginia (VA)	N	0	0	0	0	0	0	0	0
48.	Washington (WA)	N	0	0	0	0	0	0	0	0
49.	West Virginia (WV)	N	0	0	0	0	0	0	0	0
50.	Wisconsin (WI)	N	0	0	0	0	0	0	0	0
51.	Wyoming (WY)	N	0	0	0	0	0	0	0	0
52.	American Samoa (AS)	N	0	0	0	0	0	0	0	0
53.	Guam (GU)	N	0	0	0	0	0	0	0	0
54.	Puerto Rico (PR)	N	0	0	0	0	0	0	0	0
55.	U.S. Virgin Islands (VI)	N	0	0	0	0	0	0	0	0
56.	Northern Marianas Islands (MP)	N	0	0	0	0	0	0	0	0
57.	Canada (CN)	N	0	0	0	0	0	0	0	0
58.	Aggregate other alien (OT)	X X X	0	0	0	0	0	0	0	0
59.	Subtotal	X X X	365,510,206	43,460,408	0	8,738,312	0	0	417,708,926	0
60.	Reporting entity contributions for Employee Benefit Plans	X X X	0	0	0	0	0	0	0	0
61.	TOTAL (Direct Business)	(a) 1	365,510,206	43,460,408	0	8,738,312	0	0	417,708,926	0
DETAILS OF WRITE-INS										
5801.		X X X	0	0	0	0	0	0	0	0
5802.		X X X	0	0	0	0	0	0	0	0
5803.		X X X	0	0	0	0	0	0	0	0
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X	0	0	0	0	0	0	0	0
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	0	0	0	0	0	0	0	0

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.: All premiums are written in the State of Michigan

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



33.33% ownership. Under dissolution.

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